

## Second Bakhtiar suspect indicted

PARIS (AP) — A man reportedly related to the late Ayatollah Ruhollah Khomeini was charged Saturday with complicity in the assassination of former Iranian Prime Minister Shapour Bakhtiar. Massoud Hendi, detained and interrogated by French police since Wednesday, was charged with complicity in the assassination and conspiracy in a terrorist enterprise. Judge Jean-Louis Broquiere, a special anti-terrorist prosecutor handling the Bakhtiar investigation, signed the charges against Mr. Hendi Saturday and ordered him confined in police custody. Mr. Hendi became the second person charged in the case. One of the presumed killers, Ali Rad Vakili, was arrested in Switzerland last month and extradited to Paris. He has been charged with murder. The other two presumed assassins, both Iranians, are missing. Sources close to the investigation said that Mr. Hendi has implicated figures in Iran's power structure who allegedly tried to help him procure false identity papers and visas for the killers. Mr. Hendi, portrayed as grand-nephew to Ayatollah Khomeini, was among a dozen people detained Wednesday night in connection with the murder, the sources said. The others have been released.

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## Wife flies to see husband jailed in Iraq

LONDON (AP) — The wife of a British citizen imprisoned for more than five years in Iraq said Saturday that she was hopeful that he may soon be released. "It could happen at any time. But it may not have happened. One has to remain hopeful and try to be cheerful," Shirley Richter said in an interview on BBC radio before leaving for Baghdad. Her husband, Ian Richter, was jailed in 1986 for allegedly bribing Iraqi officials. Britain has no diplomatic links with Iraq and the Soviet Embassy in Baghdad is keeping in touch with Mr. Richter. Mike Whittam, director-general of the British Red Cross, was accompanying Mrs. Richter to Baghdad. "Obviously we will do what we can while we are in Baghdad to discuss Ian's situation with Iraqi officials and hopefully to make some progress. But it is quite difficult to know what more can be done," Mrs. Richter said.

## King Hassan orders 36 prisoners released

RABAT (AP) — King Hassan II ordered 36 prisoners freed Saturday in an annual expression of clemency marking the birthday of the Prophet Mohammad, the official MAP news agency announced. Prison sentences were reduced or abrogated for another 83 prisoners, the news agency said. All were common criminals, not political prisoners. Their names, crimes and lengths of sentence were not disclosed. The royal pardon is traditional on the Prophet Mohammad's birthday or other special occasions, but comes at a time that the kingdom is giving way on a number of human rights issues.

## Churches, shops attacked in Cairo suburb

CAIRO (AP) — Rampaging extremists attacked two churches and several shops in a western Cairo suburb in the last 24 hours, police sources said Saturday. They said 18 people were wounded in the incidents and 28 extremists were arrested. The sources said trouble began Friday night in the working class suburb of Imbaba after a false rumour circulated that a Christian had killed a Muslim. About 600 Muslim extremists took to the streets carrying swords, chains, bottles containing flammable fluids and sticks. They hurled the incendiary devices at a church and set fire to a coffee shop before police intervened and dispersed them. The sources did not say what weapons the security forces used. The extremists went on a similar rampage Saturday morning, starting fires in another church and four shops owned by Coptic Christians.

## Exim bank signs accord with Kuwait

WASHINGTON (R) — The U.S. Export-Import Bank has signed an agreement with the Kuwait Investment Authority to consider the financing of up to \$2 billion in American exports. It said this was the first borrowing agreement by Kuwait and should help U.S. exporters win Kuwaiti contracts for reconstruction and other public sector projects. The bank's commitment provides U.S. exporters insurance and guarantee of payment for goods and services.

## Gulf oil ministers meet in Saudi Arabia

NICOSIA (R) — The oil ministers of Saudi Arabia and its five allies in the Gulf Cooperation Council (GCC) opened talks in the Saudi Red Sea port city of Jeddah Saturday, three days ahead of an Organisation of Petroleum Exporting Countries (OPEC) meeting in Geneva. The GCC, a political and economic bloc set up a decade ago, groups Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Oman and Qatar. Only Oman and Bahrain are not members of the OPEC. The official Saudi Press Agency said Qatar's transport minister, Abdallah Ben Saleh Al-Mazrou, addressed the opening session.

## PLO leaders remain undecided

### PNC likely to leave door open for participation in peace parley

From Louis K. Androsi in Tunis

DESPITE THE increasingly hardening positions adopted by the various Palestinian groups, Palestine Liberation Organisation (PLO) Chairman Yasser Arafat is still seeking to secure the backing of these groups and the Palestine National Council (PNC) which will convene in Algiers on Monday, will leave the door open for Palestinian participation in the peace process, according to senior PLO officials.

So far the PLO leadership, which held a series of lengthy meetings in Tunis last week, has failed to reach a decision on whether to authorise or to reject Palestinian participation in the peace process. The Palestinian groups and even some independent members of the PLO Executive Committee have fallen back to a hardline position as a result of disappointment in U.S. Secretary of State James Baker's failure to offer satisfactory

assurances to the Palestinians, according to PLO officials.

In the last 46 hours all the major PLO groups, except for Fatah, the biggest organisation in the PLO, decided to reject Palestinian participation in the peace process according to the current American terms, officials from the various groups said.

These include the Popular Front for the Liberation of Palestine (PFLP) of George Habash, both wings of the Democratic Front for the Liberation of Palestine (DFLP) led by Nayer Hawatmeh and Yasser Arafat respectively, the Palestinian Communist party led by Salehman Najaib, and smaller groups like the Palestine Liberation Front (PLF).

"We cannot approve Palestinian participation under the present American conditions," said Mr. Arafat, who is viewed as representing the more moderate wing of the PLO.

But PLO officials say that most of these groups will support a resolution that will emphasise the basic Palesti-

nian rights and leave the door open for Palestinian participation in the peace process.

The militant shift in the mood in Tunis has provoked concern among PLO officials that the failure to reach an agreement among the groups over a political strategy might seriously undermine what is seen as the most crucial PNC session since the inception of the PLO.

Mr. Hawatmeh has been the only leader calling for a boycott of the PNC, but officials believe that he could be dismissed, especially that his position is seen to be linked to the internal dispute in the DFLP.

The group's tactic is aimed at trying to secure better conditions from the Americans rather than obstructing the process unless there were absolutely no signs of any kind of an Israeli withdrawal from the occupied territories, PLO officials said.

The Fatah Central Committee, however, has not concluded its meet-

(Continued on page 5)

## Hizbullah, Israel remain deadlocked over hostages

BAALBEK (AP) — American journalist Terry Anderson and Church of England envoy Terry Waite are the most valuable assets of Lebanese factions holding Western hostages, a leader of the Hizbullah group said Saturday.

"To some factions Terry Anderson could be more important than the rest, while to others Terry Waite could be more important," Hussein Musawi told the Associated Press.

Mr. Musawi, leader of a pro-Syrian faction within the Shiite Muslim Hizbullah, was referring to the 'kidnappers' position in efforts to swap the hostages for more than 300 Lebanese held by Israel, including Hizbullah activist Sheikh Abdul Karim Obeid.

Sheikh Obeid, 39, was kidnapped by helicopter-borne Israeli agents from his village of Jibsheet in South Lebanon in July 1989. His release has been a key condition of the kidnappers for freeing the Western hostages.

Mr. Musawi did not elaborate.

on Mr. Anderson and Mr. Waite. But his comments appeared to indicate that the two captives were unlikely to be freed until Sheikh Obeid is released in an overall exchange being negotiated by U.S. Secretary-General Javier Perez de Cuellar.

The Israelis consider Sheikh Obeid, who they identify as a Hizbullah leader, their most important Shiite prisoner.

Israel, in the three-way bar-

gaining, is seeking information on five of its servicemen missing in Lebanon.

Mr. Musawi said Israel's efforts to release Sheikh Obeid with the next batch of prisoners "would not cancel the whole effort," he said, adding: "There are symptoms of anti-Semitism."

If Obeid is included in the next batch of prisoners to be released by Israel, that would facilitate the whole effort. But the Israelis say he's a major card and they might keep him in custody until later," Mr. Musawi added.

## Israeli anti-Bush barrage turns worse

TEL AVIV (R) — A hardline Israeli cabinet minister who inflamed a row over U.S. loan guarantees by calling George Bush an anti-semite said Saturday the U.S. president's policies would lead to a second holocaust of Jews.

Minister without Portfolio Rehavam Zeevi, whose remarks last weekend drew calls for moderation from prime Minister Yitzhak Shamir, described Mr. Bush as hostile to Israel.

"Bush wants to twist Israel's arm in regard to our rights over the 'land of Israel,'" Mr. Zeevi told army radio.

"When he wants to cause something that will lead to second holocaust in my generation, I can protest and scream," he said, adding: "There are symptoms of anti-Semitism."

At a cabinet session last Sunday, Mr. Zeevi accused Mr. Bush of being a liar and an anti-Semite over his appeal to Congress to delay \$10 billion in loan guarantees to Israel until after a Middle East peace conference scheduled for October.

Mr. Bush infuriated Mr. Shamir's right-wing Likud government by backing up his call for a 120-day moratorium with a threat to veto any congressional attempt to push through the Israeli request for the guarantees.

The row over the guarantees, which would enable Israel to borrow on world markets at low interest rates to re-settle Soviet immigrants, overshadowed U.S. Secretary of State James Baker's efforts to secure agreement on convening the peace conference.

Mr. Bush asked Congress for a delay fearing a debate now over loan guarantees could destroy fragile arrangements for the conference by alienating Arab states.

Mr. Zeevi's remarks suggested deepening Israeli mistrust of the Bush administration which has decided for the first time to use aid overtly to press Israel to curb settlement in the occupied territories and cooperate on peace efforts.

A senior official aboard Mr. Baker's plane returning from a seventh Middle East peace shuttle said on Friday Washington

away group that has no affiliation with the DFLP.

"We simply could not do that because that will mean we are sanctioning divisions. Moreover, both men have supporters in the DFLP," said a Fatah Central Committee member, who asked not to be named.

If Mr. Hawatmeh does indeed boycott the PNC, he will not affect the council's quorum but will definitely create confusion at the PNC, especially that it have to take crucial decisions that cannot tolerate divisions.

Other groups and independents are expected to step up mediation efforts to ensure the presence of Mr. Hawatmeh, who had always advocated working from within the PLO and never led a breakaway opposition.

Mr. Hawatmeh told the Jordan Times that he was not going to attend the PNC unless there was a clear PLO policy on the peace process.

"We are not going to take part in the session if we do not reach a position paper defining the PLO's

(Continued on page 5)

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was prepared to issue invitations to the conference to stop foot-dragging by reluctant parties.

Mr. Zeevi, whose party advocates expansion of the Palestinians in the occupied territories, was one of three government ministers to vote against the conference. He said others had reservations.

"You'd be surprised that most members of the government are going with butterflies in their stomach, doubts and misgivings about what will come out of this conference for us. Not health, not security and not peace."

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Mr. Shamir likened the rift with Israel's closest ally to "bad dream."

A senior advisor to Mr. Shamir expressed anxiety that Mr. Bush's delay would have a domino effect causing other countries to withdraw.

(Continued on page 5)

## Royal Jordanian pursuing course to ride out turbulence

By a Jordan Times Staff Reporter

AMMAN — Financially troubled Royal Jordanian, the Kingdom's flag carrier, is pursuing all corridors to address its short-term problems accentuated by the world recession and turbulence in the international aviation scene before gearing itself to bidding in the safe haven of privatisation.

But solutions to its mounting problems may not come easy for the airline, whose options have been tied down by accumulated debts estimated to be over \$250 million since the early 1980s. In 1988, the devaluation of the Jordanian dinar and the subsequent decline in business worked together to plunge the state-owned carrier into real financial straits.

RJ reported a record loss of JD 88 million in 1988, part of it carried over from previous years. But the airline sprang out of the operational red and posted a JD 1.4 million profit in 1989. Figures for 1990 have not been released, pending submission of the airline's accounts to the Cabinet.

Economic experts believe that the only option for the carrier, short of an unlikely government bail-out with a massive cash infusion, is privatisation, an idea discussed on and off since 1987.

Officials confirmed that discussions were held with several potential buyers of a major stake in the airline, but the exact state of the negotiations remains a closely-guarded corporate secret. Senior offi-

cial have denied that the airline had discussed investment with foreign airlines.

In the meantime, pressing obligations confront RJ. One of its immediate priorities is to come up with a satisfactory response — better still, around \$40 million to \$45 million — in defaulted payments to European banks which have undertaken its 12-year leases on eight Airbus aircraft. The leases began in 1987 when RJ received the first of the planes.

The other seven were received in subsequent years.

The airline, which is committed to paying \$110 million in annual lease payments, has paid part of the dues in 1991 and the Finance Ministry has so far warded off any action by the creditors, including repossession of aircraft.

A "deadline" set by the bank expires this month and intense diplomatic and political efforts are under way to secure another extension, officials said.

We have failed to meet some of the payments during the Gulf crisis and that is still a pending problem," RJ Chief Executive Officer Husain Abu Ghazaleh was quoted as saying in a Reuters interview last week. "It is being handled but no agreement has been reached."

His Majesty King Hussein referred to the dramatic expansion and growth RJ achieved since its establishment in 1956 and underlined the airline's current problems in a speech to the European Parliament two weeks ago.

"Our national airline, our ambassador of goodwill to the

world, is threatened before our efforts to privatise it and reorganise it materialise," the King said.

"Plans for privatisation and reorganisation (of RJ) are well underway," he said. "However, we have been advised that the Airbus fleet may be withdrawn because of our current inability to pay the arrears."

RJ officials estimate that the airline lost \$100 million in revenue as a result of the Gulf crisis, which forced it to reduce operations and pay high insurance premiums, and the subsequent war, during which almost the entire RJ fleet was grounded.

Oil prices which skyrocketed during the crisis were also another factor adding to the problems of the airline.

Meanwhile, cost-cutting measures continue at the airline. These include termination of foreign staff at RJ offices abroad, reducing administrative and operational expenses, "in-house" austerity measures, and termination or scaled-down frequency of flights on several routes.

Termination of RJ staff in Jordan is ruled out under what officials describe as a clear countermand order containing directives not to dismiss any employee of the airline as a cost-reduction measure.

RJ has gradually resumed flights to the Far East after the Gulf war but has scaled down the number of flights. The airline also flies to Beirut now, after a six-year hiatus followed by the 1985 hijack and subsequent destruction of one of its planes at the Lebanese capital.

Overcapacity is cited by many as one of the main reasons behind the problems which hit the airline, but given the booming business in the early 1980s such ambitious plans were only natural, industry source say.

The airline has adopted a

multi-pronged approach," said a senior official. "This includes, in addition to the cost-reduction measures, a stepped-up effort to resume the level of operations as existed before the Gulf crisis, particularly that close to 400,000 Jordanians and Palestinians worked in the emirates before the invasion.

Post-war Kuwait has refused to allow landing rights to the Jordanian airline and the carrier's business in the Gulf has slumped.

Although the airline did good business in the months immediately after the Iraqi in-

(Continued on page 5)

Aircraft maintenance is an area where Royal Jordanian enjoys a comfortable internationally competitive edge (file photo)

Amman — with the Iraqi invasion of Kuwait on Aug. 2, 1990. Flights to and from Kuwait used to be account for a good part of RJ business in the Gulf, particularly that close to 400,000 Jordanians and Palestinians worked in the emirates before the invasion.

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## Kurdish kidnappers free ark hunters

ANKARA (R) — Five Westerners, four of them seekers of Noah's Ark, strolled to freedom Saturday after being held for three weeks by Kurdish separatists.

Officials in Turkey's eastern Bingol province said three Americans, an Australian and a Briton were released near the mountain village of Ilcilar — close to where they were kidnapped by armed rebels.

"They walked seven kilometres to the local gendarmerie (rural police) post and arrived there at 1.30 a.m. (2230 GMT)," one official told reporters.

Australian archaeologist Allan Roberts, 59, and his U.S. colleagues Ronald Wyatt, Richard Rives and Marvin Wilson, all in their fifties, telephoned their families before being escorted to police headquarters in Bingol just before dawn.

"They look very cheerful. In fact, they look fitter than we do here," Bingol Provincial Governor Atilla Vural said. "They are in very good health. They have been given medical checks."

Mr. Roberts' call to his wife Margaret in Sydney was the first news of the missing men since they were seized at gunpoint on a desolate mountain road on Aug. 30.

Up to 5,000 Turkish troops, police and anti-terror units failed to trace the five.

Mr. Roberts and the Americans had been on an expedition to find Noah's Ark, which the Bible says came to rest on Mount Ararat in eastern Turkey.

The driver of their minibus said they were kidnapped by about 30 Kurdish rebels, two of them women, manning a roadside lock.

The Briton, Gareth Thomas, 58, from London, was seized from a separate vehicle. He had been travelling as a tourist.

Chris Roberts, the son of the freed Australian, said his father had told him he and the other

**Bush said to call for repeal of Zionism resolution**

UNITED NATIONS (AP) — In his speech next week to the General Assembly, President George Bush will urge repeal of the 1975 resolution calling Zionism a form of racism, the World Jewish Congress (WJC) said Friday.

Elan Steinberg, executive director of the WJC, said the group was told by a government official that Mr. Bush will call on the world body to rescind the measure or supersede it with another resolution.

Administration officials in Washington, who spoke on condition of anonymity, confirmed the report.

One official said the speech was in "very rough draft form," that it contained many sections still to be filled, especially on the Middle East, and was as "a philosophical speech, not a laundry list of proposals."

The Bush administration, like its predecessors, has gone on record deplored the linkage of Zionism with racism. "We would like to see this linkage revoked as soon as possible," said the second official in Washington.

Israel has said the resolution calls into question the integrity, objectivity and credibility of the United Nations in any peace process — evidence that the world body is hopelessly biased against Israel.

### JORDAN TELEVISION

Tel: 773/11-19

### PROGRAMME TWO

18:00 Montage.  
18:30 Le Chevalier de Ciel.  
19:00 News in French.  
19:15 Strategeme.  
19:30 News in Hebrew.  
20:00 News in Arabic.  
20:30 The Simpsons.  
21:10 Documentaries.  
22:00 News in English.  
22:30 B.L. Stryker

### PRAYER TIMES

04:56 Fajr (Sunrise) Dafa  
07:13 Dhuhr  
10:02 Asr  
16:48 Maghrib  
20:06 Isha

### CHURCHES

St. Mary of Nazareth Church Sweileh Tel: 810740  
Cathedral of God Church, Tel: 637-785  
St. Joseph Church Tel: 624590  
Church of the Assumption Tel: 637440  
De La Salle Church Tel: 661757  
Terrassine Church Tel: 623366  
Church of the Assumption Tel:

## U.N. chief rejects two-state idea for Cyprus

captives were held high on a mountain near where they were kidnapped.

His father was unable to walk properly because one of his feet — injured in an accident several years ago — was swollen, but his four companions were fit and well.

The kidnapping was assumed to have been the work of the outlawed Kurdish Workers Party (PKK), fighting a guerrilla war for a separate Kurdish state in southeast Turkey since 1984.

The PKK said earlier it was not sure if its men had taken the five but promised to free them if that was the case.

In August, 10 German holidaymakers seized from a campsite in eastern Turkey were released after a week in PKK captivity.

This month PKK guerrillas seized an American, two Mexicans and a Turk at a roadside inn and freed the unharmed three hours later.

The PKK is also holding seven Turkish soldiers captured in a raid on a border post in early August. They were last seen by Turkish reporters in northern Iraq shortly after the Turkish army launched a big cross-border assault.

More than 3,300 people have been killed in eastern and southeastern Turkey since the PKK began its armed struggle.

Several Western governments, including the United States and Britain, have warned their citizens not to travel in the area. The archaeologists, sponsored by the Canberra-based Noah's Ark Research Foundation, had been awaiting permission to excavate a site they believed held the Ark, Mr. Roberts' wife said.

They hoped to examine a mud-covered fossil formation resembling a boat in the remote Akyaka region. On a previous trip, Mr. Roberts identified what he said was fossilised gopherwood of the type described in the Bible.

### UNITED NATIONS (Agencies)

— Recognising the Turkish republic of northern Cyprus as an independent nation is not in the best interests of either Turkish or Greek Cypriots, U.N. Secretary-General Javier Perez de Cuellar said Friday.

The U.N. chief also said he does not foresee a high-level meeting among the Greek and Turkish governments and Cypriot communities taking place in the near future.

Mr. Perez de Cuellar said the differences in the position of the two Cypriot communities, and between Greece and Turkey, are too wide to bring them all together now.

"There is not enough agreement on the document that would justify a meeting," he said. "The meeting was not intended to negotiate details."

"I am disappointed, of course, but not discouraged," Mr. Perez de Cuellar added.

President George Bush had announced last month that Greek and Turkish leaders had agreed to discuss the future of Cyprus at a meeting in the United States in September, provided there was an adequate narrowing of differences. But last week, U.N. envoy Oscar Camilión said the meeting would not take place this month, although it might be possible later.

At Mr. Perez de Cuellar's news conference, a reporter noted the trend towards recognition of new republics that once were part of larger nations — in particular, the Baltic states, and the desire of Croatia and Slovenia for recognition.

## 1986 U.S.-Iraq deal fades as obstacle to CIA nominee

WASHINGTON (R) — Robert Gates's handling of U.S. intelligence sharing with Iraq in 1986 appears to be fading as the last obstacle to his Senate confirmation as director of the Central Intelligence Agency (CIA).

Senator David Boren, chairman of the committee holding Mr. Gates's confirmation hearings, Friday called the Iraq dispute a difference over legal interpretation and said Mr. Gates was headed for strong Senate approval as so far.

"I would say probably going out of this week he's in a strong position for confirmation, a good strong vote," Mr. Boren, an Oklahoma Democrat, said in a television interview.

Mr. Gates has largely dispelled concerns on Mr. Boren's Senate Select Committee on Intelligence over whether he told the truth about the 1986 Iran-contra scandal and should have done more to expose it.

He said he should have done more but said he did act when he heard the first suspicions about the scandal that rocked Ronald Reagan's presidency — that Iran arms sales profits had illegally been diverted to Nicaraguan contra rebels.

Mr. Gates, then CIA deputy director, said he reported the suspicions to then-CIA Director William Casey and the White House. Present and former CIA officials generally backed his word at hearings on Thursday and Friday.

But Senator Bill Bradley, a New Jersey Democrat, said another issue could potentially block Mr. Gates's Senate confirmation — his handling of the Reagan administration's intelligence sharing with Iraq in 1986 during the Iran-Iraq war.

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according to news reports at the time.

Mr. Bradley has been pressing Gates and other witnesses all week on whether Mr. Gates violated the law because the operation amounted to a covert operation requiring a presidential order or "finding" that must be sent to Congress.

Mr. Gates replied that it was not a covert operation but simply sharing of intelligence between U.S. and Iraqi intelligence agencies requiring no such order.

Mr. Boren has cut off most questioning on the subject for fear of jeopardising Iranian participation in efforts to release U.S. hostages in Lebanon.

But Mr. Bradley said he intends to press it in closed committee sessions next week and that it potentially could still prevent Mr. Gates's Senate confirmation.

Under the constitution, if the committee approves Mr. Gates's nomination it goes on to the full Senate for a vote.

During an exchange on Friday, however, Mr. Boren said: "I'm not sure that Senator Bradley and I agree on the legal interpretation."

Several Republican committee members said they had looked into the matter and saw nothing in it that would prevent Mr. Gates's confirmation.

## Egypt to deepen Suez

ISMAILIA Egypt (R) — The Suez Canal Authority (SCA) plans to deepen the 122-year-old channel to allow a new generation of supertankers to carry oil through the waterway.

SCA Chairman Ezzat Adel told Reuters he hoped the plan would go ahead despite a possible challenge by Egypt's Sumed pipeline, which now carries oil from supertankers which cannot use the canal if fully loaded.

The government-owned SCA is studying a range of plans, the most ambitious of which would cost a billion dollars, to deepen the channel and allow VLCCs (very large crude carriers) with up to two million barrels of oil to pass through.

"For the next 20 years, oil will be the main source of energy, the Arab Gulf will be the main producing area and Europe will be the main consumer," Mr. Adel said.

The canal is now Egypt's second biggest source of badly needed foreign currency, after its 400,000 barrels per day (bpd) of exports.

Mr. Adel said that, contrary to initial fears, traffic through the canal actually rose during the Gulf crisis.

**Saudis to give \$1m to air museum**

LONDON (AP) — Saudi Arabia's ambassador in Washington has promised \$1 million toward a planned American air museum in England, organisers said. They said the pledge followed a meeting between the ambassador, Prince Bandar bin Sultan, and Marshals of the Royal Air Force Sir John Grandy, who met at Cranwell Royal Air Force College. "When the air chief marshal told him about the project the prince thought it was a good thing to support," said Frank Crosby, spokesman at the Imperial War Museum in London. Mr. Crosby said that in recognition of the gift a special section of the air museum will be devoted to "the decisive role of air power in the Gulf war between the U.S., British and Saudi air forces."

Marshals Grandy is joint chairman with American actor Charlton Heston of the appeal for £1 million to build the air museum at Duxford airfield, 72 kilometres north of London. Duxford was a U.S. air base during World War II. Mr. Heston was a tail-gunner on B-25 bombers with U.S. forces in the Far East in World War II. Mr. Crosby said, "During the war 30,000 American airmen were killed flying from British bases and the air museum will be a living memorial to them," Mr. Crosby said. A direct-mail appeal in the United States for the air museum has already raised \$650,000 from more than 20,000 individual donors, Mr. Crosby said. Duxford airfield now belongs to the Imperial War Museum which keeps a collection of 120 historic aircraft there, including 20 U.S. planes. The American air museum will open in the mid-1990s if the appeal succeeds.

**U.S. army pilots rescued after crash**

BAHRAYN (AP) — Two U.S. army aviators were rescued after their helicopter flying from the frigate USS Stark crashed in the northern Gulf waters, the U.S. navy reported Saturday. The pilots were flying a U.S. army OH-53D Kiowa Warrior, which is an armed helicopter, according to the statement from U.S. naval forces' central command. The pilots were picked up by a second Kiowa Warrior helicopter, also attached to the Stark, the statement said. The crash was at 9:35 p.m. (1835 GMT) Friday, and the aviators and their rescuers were back on the Stark at 10:01 p.m. (0201 GMT), according to the statement. Both crew members suffered "non-serious injuries," it said. They were evacuated by a SH-60 SEA Hawk helicopter from another frigate, the USS McClusky, to a U.S. army hospital in Dhahran, Saudi Arabia. The cause of the crash was being investigated by the U.S. army, the statement said. The Stark is the frigate that was hit by two Exocet missiles on May 17, 1987, during the Iraq-Iran war, killing 37 U.S. sailors. The missiles were fired by the Iraqis who later apologized saying the attack was unintentional. Last weekend, a U.S. navy Sea Dragon helicopter crashed in the northern Gulf region shortly after takeoff from the amphibious assault ship USS Peleliu. All six men aboard were killed. Investigations are still proceeding in that incident, one of the worst U.S. forces in the Gulf suffered since the end of the Gulf war. Air, naval and ground forces have sustained 71 non-combat fatalities since the end of the hostilities.

**Big drug haul discovered in Turkish truck**

DOVER, England (R) — British customs officers Friday arrested a Turkish driver after discovering heroin with a street value of more than £7 million hidden in the wheels of his truck. A customs spokesman said 66 kilograms of heroin were discovered in the spare wheels of the truck arriving from Turkey via the Balkans. They also discovered 350 kilograms of cannabis valued at £1.2 million in another lorry that arrived by ferry at the southern port of Dover from Ostend, Belgium, Thursday. Two men were being questioned. Earlier this week, a court sentenced three Turkish men to long jail terms for trying to smuggle 530 kilograms of heroin, the largest haul of heroin seized by British customs, in two trucks last November. The lorries had also come by the so-called "Balkan Route" increasingly favoured by drug smugglers — from Turkey through Yugoslavia, Austria, Germany and Belgium.

## MIDDLE EAST NEWS IN BRIEF

### Mexico demands repatriation of 15

MEXICO CITY (R) — Mexico said Friday that 15 of its nationals were being held as virtual hostages by an Iranian company, and that it may appeal to the United Nations to win their release. A Foreign Ministry statement said the group was hired in February by the Industrial Fishing Company of Iran to work on tame boats in the Middle East. It said the work contract the men signed had been broken repeatedly by the Iranians. When the Mexicans demanded to be sent home, their passports and other travel documents were confiscated. The disgruntled workers jumped ship earlier this month in the United Arab Emirates where they sought asylum at a police station in Dubai. But police bundled 15 of them back aboard the tame boats and they are believed to have been taken to the Iranian port of Bandar Abbas, the Foreign Ministry said. It said Mexico was now considering appealing to the United Nations Human Rights Commission to win the men's repatriation from Iran and the United Arab Emirates.

### Chad, Libya sign cooperation agreement

NDJAMENA (R) — Chad and Libya have signed a security and cooperation agreement to facilitate travel and trade between the two countries, Chad announced Friday. The accord signed recently in Tripoli establishes procedures for exchange of any remaining prisoners from a 15-year border war between the two countries, Information Minister Mohamed Saleh Ahmed said. It also covers

relations between Chad and Libya, and overtures to end the conflict between Chad and Libya, the Foreign Minister said. The accord is to be signed in Tripoli on October 10.

Under terms of the new accord, Chad and Libya will increase trade between the two countries and improve infrastructure.

Chad and Libya will also increase their cooperation in the field of energy, communications and transportation.

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## Palestinian refugees sign petition rejecting U.S. peace plan

By Ramy Sabagh  
Reuter

BAQAA' CAMP — Tens of thousands of Palestinian refugees, dismissing the U.S. Middle East peace plan as a sell-out, have signed a petition saying the PLO alone should represent them at any Arab-Israeli conference.

Palestinian community leaders showed journalists petitions signed by 93,000 refugees from 11 camps in Jordan. They said a further 180,000 signatures had been collected from Palestinians in Lebanon, Syria and other parts of the world.

"We announce that our people will not be responsible for any (peace) negotiations or agreements that are concluded without the PLO," the petition read. "Any Palestinian representation from outside the PLO is a fake

and forged one which all our people condemn."

The petition, sent to the Palestine National Council (PNC) of parliament in exile, described the latest U.S. peace initiative as a bid to impose "a surrender solution on the Arab-Israeli conflict at the expense of the Palestinian people's legitimate rights."

The PNC begins a crucial meeting in Algiers on Monday to decide whether Palestinians will go to a U.S. and Soviet-brokered peace conference which U.S. Secretary of State James Baker has been trying to organise for next month.

The petition was released a day after PLO Chairman Yasser Arafat sent West Bank academic Hanan Ashrawi to Jordan in an unsuccessful last-minute bid to wring stronger assurances on the peace conference from Mr. Baker.

The refugees' petition said the PLO should take part in the conference in its own right and on an equal footing with other parties to the Arab-Israeli conflict.

Israel refuses to meet the Palestine Liberation Organisation which it says is bent on the destruction of the Jewish state.

Syria, Jordan, Lebanon, Egypt and Israel have agreed — with conditions — to the holding of a conference.

The PLO has not yet accepted a proposal to send a joint delegation to circumvent Israel's refusal to talk to the PLO but officials in Amman believe the PLO would agree after securing some U.S. guarantees.

The Palestinian community leaders talked to journalists in Baqaa', just north of Amman, home to more than 120,000 refugees who fled to Jordan during the 1984 and 1976 Middle East wars.

The refugees' petition said the PLO should take part in the conference in its own right and on an equal footing with other parties to the Arab-Israeli conflict.

## Iraqi foreign minister blasts U.S. over renewed threats to attack Baghdad

AMMAN (J.T.) — Iraq's foreign minister, Ahmad Hussein Al Khudayer, arrived in Amman Saturday on his way to New York to take part in the U.N. General Assembly meeting.

In an airport statement, Mr. Khudayer strongly criticised the United States for threatening to use force against Iraq because Baghdad refuses to allow U.N. helicopters to fly over Iraqi territory.

This is not the first time the United States issues threats against Iraq, which has been fully cooperating with the U.N. inspection teams and offering them all facilities to help carry out their missions, Mr. Khudayer said.

In reply to a question about a Security Council resolution allowing Iraq to sell limited amounts of oil, Mr. Khudayer said that the harsh conditions and terms attached to the resolution violate Iraq's sovereignty and dignity.

On Thursday, the council gave Iraq permission to resume limited oil sales. The resolution said Iraq can sell up to \$1.6 billion worth of oil in six months to pay for emergency food and medicine and contribute to a fund for war victims.

Mr. Khudayer said that if the Security Council is keen to respond to Iraq's humanitarian needs, it should not attach conditions to the resolution but should allow the Iraqis to receive their full humanitarian needs in response to a report by U.N. envoy to Iraq Prince Sadruddin Aga Khan.

During his stay in New York, Mr. Khudayer said that he would meet with a number of foreign ministers from around the world.

Also arriving in Amman Saturday was Iraq's oil minister, Usama Abdul Razzak, who is on his way to Geneva to participate in the



New York to take part in a U.N. General Assembly meeting (Petra photo).

Yemen Foreign Minister Abdul Karim Al Iryani arrived in Amman Saturday for talks with the Higher Joint Jordanian-Yemeni Committee (Petra photo)

## Yemeni foreign minister arrives for talks

AMMAN (J.T.) — Yemeni Foreign Minister Abdul Karim Al Iryani arrived in Amman Saturday to take part in the Higher Joint Jordanian-Yemeni Committee due to open its meeting in Amman Sunday under the co-chairmanship of Prime Minister Taher Masi and his Yemeni counterpart, Haider Abd Baker Al Attas.

The meeting assumes a spe-

cial importance as it is being held under very critical circumstances in the Arab World, said Dr. Iryani in an arrival statement.

The higher committee, he said, was expected to discuss a wide range of topics in economic, trade, scientific, cultural, Youth and Industrial fields. Strong cooperation in these matters, reflect the very strong

ties between Amman and Sanaa, Dr. Iryani said.

To pave the way for the higher committee meeting, a team of officials from both sides have been meeting in Amman over the past three days. The team of officials are reported to have prepared a set of recommendations and resolutions including ways for promoting trade exchange, according to informed sources.

The handbook, in English, has 517 pages and gives informational background about various industrial firms, their development, types of products they manufacture and marketing in Jordan and abroad.

The handbook is divided into four main parts giving names, addresses of the companies, products they manufacture and import export trade markets.

In addition, the handbook contains useful information about Jordan, its location, population, area, aspects of economic life and other features of the Kingdom in addition to information about the Amman Chamber of Industry and its services to the public.

A chamber statement said that copies of the handbook have already reached government ministries, Jordanian embassies abroad and foreign embassies in Amman through the Foreign Ministry. The distribution of the handbook to the foreign embassies, the statement, said, aims to orient non-Jordanians on the types and quality of national industrial products.

## European delegation visiting Jordan to review ongoing developments in area

AMMAN (J.T.) — A European Parliamentary Delegation is currently visiting Jordan at the invitation of the Jordanian Parliament.

Chairman of the European Delegation Dimitris Nianias and four other parliamentarians began their visit on Saturday with meetings with Ahmad Al Lawzi, President of the Senate and Dr. Fawzi Taimeh, Acting Speaker of the Lower House and members of both houses.

The two sides held constructive talks on the relations between Europe and the Arab World, with emphasis on the peace process, the situation of the Palestinian people and the economic and social consequences of the Gulf Crisis for Jordan.

The Jordanian side clarified their stance on the Palestinian

question and restated their desire for a just and peaceful solution in accordance with U.N. Resolutions 242 and 338.

The European Parliamentary Delegation agreed with the need to apply the U.N. resolutions and called for a peaceful and secure solution for all peoples and countries in the region.

During the meetings, the two sides reviewed their relations since the signing of a European Community-Jordan Cooperation Agreement. Since 1977, the EC has provided Jordan with grants and loans for economic and social development. A further \$151.2 million will be allocated for the 1992-1996 Fourth Protocol.

During the Gulf Crisis, the EC provided \$168.4 million in emergency aid in support of Jordan's evacuee programme, 30 per cent of the total aid provided by the international community. In February 1991, a grant of \$180 million was made to Jordan as one of the frontline states most affected by the Gulf Crisis.

On Saturday afternoon, the Delegation visited Baqaa's refugee camp, where they were briefed by Paul David of UNRWA and visited families in the camp.

They are expected to meet His Majesty King Hussein, Prime Minister Taher Masi and Minister of Finance Basile Jardaneh today.

The delegation, which arrived here Friday, will leave for Syria on the next leg of their current Middle East tour.

## Trade delegation returns from Austria

AMMAN (J.T.) — A Jordanian trade and economic delegation returned to Amman Saturday following a week-long trip to Austria to discuss trade exchanges and economic ventures, according to Sami Darwazeh the group's leader.

The 10 member group, he said, held discussions on investment and trade with leading Austrian businessmen and investors as well as members of the Austrian Chamber of Commerce.

The group, which represented the Jordanian Exporters Society, went to Austria in order to promote the sale of Jordanian industrial products in Austrian markets, to invite businessmen to invest in Jordan and to discuss prospects for joint economic ventures, said Mr. Darwazeh in a statement to the Jordan News Agency, Petra.

The Jordanian team, which comprised businessmen and merchants, explained to the Austrian hosts the Jordanian law on encouraging investments and the exemptions offered to investors in economic schemes in the Kingdom, Mr. Darwazeh added.

He said that the visit, which was made through coordination between his society and the Austrian embassy in Amman, opened the way for the Jordanian and Austrian businessmen to exchange views and to know about Jordanian and Austrian manufactured products as well as prospects for marketing them in either country.

Mr. Darwazeh said that Austrian businessmen expressed a willingness to promote the sale of Jordanian industrial products in Austrian markets and in Eastern European countries as well. The Austrian hosts said that Jordanian products are of high quality and are being sold at very competitive prices in Europe.

According to Mr. Darwazeh, the Austrians are considered the main marketers in Eastern European countries like Yugoslavia, Romania, Hungary, Czechoslovakia and the Soviet Union.

The talks with the Austrian Chamber of Commerce, Mr. Darwazeh said, aimed at bolstering industrial as well as commercial cooperation between Jordan and Austria and the prospects for joint ventures in Jordan.

Mr. Darwazeh said that an Austrian delegation is due to visit Jordan in December in order to examine Jordanian industrial products.

## Minister creates new office

AMMAN (Petra) — Minister of Industry, Trade and Supply Ali Abu Rashed decided Saturday to create at the Ministry of Supply an office that will conduct studies and draw plans to guide and protect consumers in cooperation with the Jordanian Society for Protecting Consumers. The office will form a link between the society and the ministry and will attempt to solve problems facing consumers. Mr. Abu Rashed also decided to appoint Mohammad Zaitoun as director of the office, which will be a nucleus for a new department at the ministry in the future.

## The Housing Crisis

### Astronomical rents leave some Jordanians unable to find housing in own country

This is the first in a series of articles that seek to examine the current housing crisis in Jordan. This article deals with the rental sector and the effect of the returnees on prices.

By Nidal M. Ibrahim  
Special to the Jordan Times

AMMAN — The sudden influx of a large number of returnees from Kuwait and the other Gulf states has pushed house rental prices to levels rarely seen in the past decade, leaving many Jordanians struggling to find a place to live.

Some apartment rents have risen between 50 per cent and 70 per cent since the end of the Gulf war, said Soha Hammoune, a real estate agent with Sandi Real Estate in Amman. "It was like that (after) the devolution of the Jordanian dinar but it started to really be a problem after the Gulf war because of the expatriates coming back," said Ms. Hammoune, who has been active in the local market since 1986.

The situation, she said, has rapidly deteriorated. "We have reached the stage where people are living on the pavement," Ms. Hammoune said. "The situation is critical."

Yusri Aljaabri, owner of Abdoun Aljaabri Real Estate in Amman, said he had seen similar market trends.

"There's too much demand," he said. "There are not enough houses for rent. When you don't have houses, prices go up. If it's a good house, it will be rented before

the people are out, especially near diplomatic areas."

As if to underscore the realtors' views, statistics from the Department of Lands and Surveys reveal that there were about 50,000 empty apartments in Jordan before the Gulf war. With the influx of an estimated 300,000 returnees, coupled with about 100,000 Iraqis fleeing the economic havoc the allied-imposed embargo is causing in their country, the number of empty apartments in the Kingdom has dwindled to about 7,000, statistics show.

The situation has become so alarming that many Jordanians now find themselves unable to live in their own country. An average apartment in west Amman now costs about JD 40,000, Ms. Hammoune said. To rent that same apartment, a family would have to pay between JD 3,500 and JD 4,000 annually, she said.

This figure, for local people, is not acceptable because their income is approximately JD 100 per month," Ms. Hammoune said. Seeking to take advantage of the astronomical rent increases, a family in the Jabal Hussein refugee camp is now trying to rent a room with a small kitchen and bath for 300. Under normal circumstances, such accommodations would be rented for between JD 50 and JD 90, Ms. Hammoune said.

"There's too much demand," he said. "There are not enough houses for rent. When you don't have houses, prices go up. If it's a good house, it will be rented before

the people are out, especially near diplomatic areas."

Because of today's inflated rents, a family would be able to buy an average parcel of land with three year's worth of the rent money it would pay for an average apartment in today's market, said Husam Y. Azar, director of statistics at the Department of Lands and Surveys.

The problem is further exacerbated by the preferential treatment many landlords give to foreigners.

"Most of my clients, when they ring me up, tell me to give priority No. 1 to foreigners," Ms. Hammoune said.

"We don't want Arabs and we don't want Jordanians," she quotes them as saying.

According to Ms. Hammoune, 90 per cent of landlords prefer foreigners. While reasons for this vary, most foreigners, especially diplomats, pay between 30 per cent and 50 per cent more, she said. In addition, Jordanian law stipulates that landlords can raise the rent for an apartment three years after originally renting the apartment to a foreigner, according to Ms. Hammoune.

The lack of housing has also made it easier on realtors to satisfy prospective clients' needs — because their client's standards are lower.

Before the war, realtors normally had to show prospective clients about 20 houses before successfully completing a deal, Mr. Aljaabri said. Because of today's high demand, clients usually are satisfied after seeing two or three houses, he said.

## WHAT'S GOING ON

★ An exhibition of naive painting from Germany at Abdul Hameed Shoman Foundation Gallery. ★ Plastic art exhibition by Nidal Jamous at the Royal Cultural Centre. ★ Exhibition of paintings by Omar Beouf at the French Cultural Centre. ★ Exhibition of ceramics by Iraqi artist Salam Al Nouri at Alfa Art Gallery.

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## Decision with a difference

IN THE WAKE of U.S. Secretary of State James Baker's latest working visit to the Middle East to promote the chances for holding the proposed peace conference, there is more, not less, work for the Arabs to do, especially in removing remaining differences among them on the peace process and otherwise. The announcement by the foreign minister, Dr. Abdullah Ensor, Friday that he and his counterparts from Egypt, Syria, Lebanon and the PLO will hold a coordination session in New York on the fringes of the meetings of the U.N. General Assembly comes therefore at a most opportune time. As long as the Arab side remains in disarray and divided on strategy and tactics, the probabilities that the Arabs would emerge from the peace parley relatively successful would obviously greatly diminish.

True each Arab party would be seized with its own set of issues and conflicts in talks with the Israelis. Yet, lack of a minimum degree of coordination among them would leave each and every one of them an easy prey for Israel. Syrian President Hafez Al Assad confirmed just before Mr. Baker's seventh round of talks with him that Damascus was interested not only in the recovery of the Golan Heights but also in a comprehensive peace that includes of course the resolution of the Palestinian problem in its entirety. His Majesty King Hussein is already on record as saying Jordan is concerned most of all with attaining a just and permanent solution for the Palestinian problem and the total resolution of the Arab-Israeli conflict on the basis of U.N. Security Council resolutions 242 and 338. Clearly this Jordanian-Syrian position corresponds well with the postures of Egypt, Lebanon and the Palestinians as well. All that has been missing till now is the faithful translation of these principled positions into a well articulated and formulated Arab peace strategy for the upcoming peace conference.

Of course all this would hinge first and foremost on the decision of the PLO to join the U.S.-led peace efforts. The Palestine National Council's (PNC) Algeria meeting due to begin Monday is geared to debate this fundamental issue. As an affirmative decision by the Palestinians would make the chance of holding a viable peace parley on the Palestinian case and the broader Arab-Israeli conflict that much greater, the eyes of the world are naturally focused on that momentous gathering to pronounce its final stance on the prospective peace negotiations. There is every hope that the Palestinians would rise to the level of heavy responsibility that rests on their shoulders and undertake the awesome task of adopting a positive attitude on what is clearly a difficult choice for them. Once that historic decision is taken, the New York meeting of the foreign ministers of the Arab parties expected to attend the October peace negotiations would stand a greater chance of success and productivity. Not that the Arabs need to wait an extra day before they should start work on getting their act together. But on this at least, the Palestinians know they can make the difference.

## ARABIC PRESS COMMENTARIES

IN keeping with its standard policy of undermining U.S. Secretary of State James Baker's peace bids in the region, Israel has authorised its Defence Minister Moshe Arens to announce that the Jewish state would not study the prospect of halting the construction to settlements in the occupied territories, said Al Ra'i Arabic daily Saturday. The paper said this Israeli policy should prompt the U.S. administration to think seriously that its delaying the loan guarantees was not sufficient to pressure Israel into accepting the American peace plan to end the Arab-Israeli conflict. The paper said that Mr. Arens' statement of defiance clearly shows that Mr. Baker's seventh tour of the region did not change anything and was not able to stop Israel's expansionist plans in the Arab lands. For this reason, one is led to believe here that Mr. Baker might be making yet another trip to the region to pave the way for a peace parley, said the paper. But it asked how such parley can begin while the Americans feel impotent in the face of Israel's policies and cannot halt their settlement plans in the occupied territories. The paper noted that although the Americans have not yet given assurances which would lead to giving the Palestinians their right to self-determination, such a right is legitimate under the U.N. Charter and the Palestinians will sooner or later attain it through their continued struggle. The paper expressed hope that the Arab countries, whose foreign ministers are to hold a meeting Wednesday to discuss the situation, will take a unified stand vis-a-vis Israel's intransigence and thus force the United States to deal more firmly with the Jewish state.

A columnist in Al Dustour Saturday urged the Palestine National Council, which is meeting in Algeria soon, to take James Baker's warnings to the Palestinians seriously and to decide which way to follow in the ongoing struggle to regain Arab rights in Palestine. Taher Al Udwaa said that Mr. Baker had warned the Palestinians that the peace conference could be the last chance for them to regain their rights and if they say no they would be the biggest losers. The peace conference, which would be attended by Arab countries and Israel, could indeed be the last chance to settle the Arab-Israeli issue, said the writer. For this reason, the Palestinians meeting in Algiers should examine the situation carefully before giving their answer. He said it is easy for the council to say no to the conference and to revert to insisting on liberating Palestine from the sea to the river and wait for the opportune moment to exterminate the Jews once they have gathered in the occupied regions. The writer said that the Palestine National Council should take Baker's warnings seriously before choosing the right way for the Palestinian people. The council, the writer added, should also convince the Palestinians of their decision to be taken in reply to America's invitation to them to take part in the peace conference. He said that a yes or no answer has to be well studied and convincing.

## Sunday's Economic Pulse

By Dr. Fayed Al Fanek

# Early recovery of price stability

Inflation soared after the devaluation of the Jordanian dinar, which took place during the twelve months starting October 1988. The preliminary prediction at the time was that regaining stability in the exchange and inflation rates will take no less than five years of strict and successful application of the economic correction programme which was put into effect in mid-April 1989.

However, it took less than one year to reach a convincing stability of the exchange rate, at around 1.5 to the dinar. Inflation, as measured by the cost of living index was, of course, expected to take a longer time because it has a self-propelled dynamic nature of its own.

Inflation in 1988, measured by the cost of the basket of goods and services consumed by a typical limited-income family, was 6.6 per cent. Most of this rise happened during the last quarter of the year after the eruption of the foreign exchange crisis. Inflation shot up to 25.3 per cent in 1989, the highest rate on record since the foundation of modern Jordan. The rate declined to 16.1 per cent in 1990 which compared to the previous year, was considered an achievement. Yet no one dared project a less than 12 to 14 per cent inflation rate for 1991.

What happened so far amounts to a pleasant surprise that is worth analysing and understanding. The rise of prices disappeared completely after reaching its peak in March 1991. The direction of the cost of living index was actually reversed since then. The index showed a consistent decline for four months in a row, i.e. April, May, June and July. The cost of living index for August is not available yet, but surprises are not expected. The prices were lower by 2.8 per cent during the last four months compared to the level reached in March 1991.

Comparing the price level of 1990, the month to month annual inflation rate would be 8.1 per cent. This is by no means a low rate, but it is very encouraging when compared to the two previous years, and may be considered excellent and impressive relative to the expectations which were prevailing a year ago.

In other words, we can be positive that high inflation in Jordan is over for the time being and that a relative stability of domestic prices has been recovered.

This astounding achievement was not brought about only through the right monetary and trade policies applied by the

Central Bank of Jordan and the government. These policies were of course essential and helpful, but there are other factors and circumstances which contributed to this success. Some are: the high rate of unemployment, which pushed wages down even in nominal terms, the economic recession where sellers were obliged to absorb part of the rise in costs in order to maintain their markets, the closure of Saudi Arabian borders that depressed the domestic prices of vegetables and fruits which carried a heavy weight in the consumer basket, the contraction in investments and consumption expenditures which are expected to take place under the Gulf crisis circumstances.

The current sharp rise in the real estate market, including rents and prices of land and buildings, is an exceptional phenomenon caused by the sudden influx of returns from Kuwait. It was necessary to raise the supply of housing to cope with an increase in population of around 10 to 12 per cent over night. Real estate market is not an important component in the cost of living index and will not change the picture drastically. It is also assumed that rents and prices of land and buildings have reached the peak and will start to stabilise in a matter of weeks or months.

## Very clear signal to Saddam, U.S. administration officials say

By Charles Aldinger  
Reuter

WASHINGTON — The decision to put U.S. warplanes on alert for possible use against Iraq should be seen as a crystal clear warning to President Saddam Hussein that he must finally abandon weapons of mass destruction, Bush administration officials said on Wednesday.

Defense officials and military analysts said U.S. intelligence now had more extensive information on Iraq's chemical and biological arms sites and where Baghdad has hidden equipment used to make enriched uranium.

Targeting hiding places with laser-guided and earth-penetrator bombs would be a far simpler task than the 116,000 Gulf war missions flown by U.S. and allies aircraft against Iraqi troops, airfields and buildings, they added.

"The Iraqis can probably hide some of it completely from attack, but I think we have a pretty good idea today where to

go and what to do. I think the war showed we can deliver the goods," said one senior U.S. Air Force officer.

Defense Secretary Dick Cheney refused to confirm or deny a statement by one administration official that some U.S. units would be sent to the Gulf within a day or two. The official was talking to reporters travelling with President George Bush on Wednesday to Grand Canyon, Arizona.

But other administration officials told Reuters in Washington the simple act of alerting air units to prepare for Gulf duty — including radar-evading F-117A Stealth bombers and F-15E attack jets — was not a bluff.

The contingency preparation of air units should be read as a crystal clear warning to Saddam that he better realise the West means business," one of the officials said.

Defense officials have refused repeatedly to confirm reports that a Western contingency plan

already in place would target Iraqi military command and control centres for bombing, as well as chemical, biological and nuclear sites.

"But whether you're trying to do a precise job or send a broader message to Saddam's military, the planners would have far fewer targets to worry about," said John Pike of the Federation of American Scientists.

"U.S. intelligence has undoubtedly improved since we learned after the war that Iraq had a lot of more extensive nuclear research programme than we thought," added former Assistant Defense Secretary Lawrence Kord, now with the Brookings Institution think-tank.

There are still 33,000 U.S. troops in the Gulf region, 5,000 in the Air Force, compared with some 540,000 American troops in the region at the peak of the allied war to evict Iraq from Kuwait, which ended last Feb. 28.

In addition to some U.S. air units still in Saudi Arabia, the aircraft carriers Abraham Lincoln and Forrestal were currently in the Gulf and Mediterranean respectively, carrying more than 150 warplanes and helicopters, experts noted.

The U.S. is not going to send a half-million troops back to the region. Air power should be threat enough against the Iraqi military," said James Blackwell of the centre for Strategic and International Studies.

But Mr. Blackwell and others said it was necessary that U.N. inspection teams have full access to the country, even though U.S. intelligence satellites had given the Pentagon a much better view of Iraq's chemical and biological storage sites over the past three or four months.

Pentagon sources said on Wednesday the United States wanted inspection teams to use U.S. helicopters based in Saudi Arabia as well as German helicopters based in Turkey to inspect Iraqi storage sites.

## Iraqis suffer as Baghdad ponders U.N. terms for oil sales

By Peter Gregson  
Reuter

BAGHDAD — While Iraq weighs whether to accept U.N. terms for a limited resumption of oil sales, the human cost of its ill-fated seizure of Kuwait rises by the day.

No aspect of daily life has been spared the impact of a vice-like trade embargo, imposed by the U.N. after Iraq conquered the neighbouring emirate in August last year.

Peasants in rural areas face starvation following poor harvests and imported food supplies dry up.

Medicines to treat virtually every illness have run out and the most common word heard in pharmacies is "mako" — not available.

"Thousands of lives could have been saved with common and ordinary medicines that fill up drug stores all over the world," said Health Minister Abdul Salam Mohammad Saeed this month.

Hospitals are admitting a growing number of children suffering from malnutrition. Outbreaks of cholera and typhoid are rising sharply.

In Baghdad, a city of five million people, the sound of a ringing telephone is rare after allied bombers smashed the country's communications network.

Inflation is impossible to calculate as prices go up daily.

Iraq's children went back to school for the new academic year on Wednesday, but for many it was a day of tears. Their parents could not afford uniforms or textbooks.

"We're six boys at home. The prices are beyond my father's reach," said 10-year-old Karim Ahmad, adding that he also needed a bag, a pen, an eraser and a notebook.

Iraq says the U.N. conditions attached to the deal are unworkable and are an infringement of its sovereignty. They include no direct Iraqi access to the proceeds, one-third of the sale to go towards war reparations, payment of U.N. costs and U.N. monitoring of the distribution of the supplies.

Iraq, which has pledged that all the proceeds will go to feed and care for its people, has said the \$933 million it will receive from the six-month sales will not be enough and that its needs are growing daily.

U.N. Secretary General Javier Perez de Cuellar said earlier this month that Iraq would need to be allowed to sell up to 50 per cent more oil than the \$1.6 billion ceiling over the next six months.

The council did not alter the amount.

"We are starving and we have no money and oil to pay for our food," Oli Minister Osama Al Hiti

said two weeks ago. "We are ready now to produce and export more than one million barrels a day in case we get permission and the sanctions are lifted."

President Saddam Hussein has yet to agree to the conditions, but many people in Baghdad believe there is no alternative.

"What else can they do?" a diplomat asked. "They have no choice. They may feel strongly about sovereignty but that doesn't feed people. It may take a few weeks, but they've backed off on questions of sovereignty with the U.N. before."

Iraq says it is better placed than the U.N. to decide how to distribute the food purchases. It represents the presence of large numbers of U.N. officials, representing seven relief agencies.

Even when oil sales do resume, it will only be a small step on what promises to be a very long road to economic recovery.

But impatience is growing on the streets of Baghdad. "Why don't the foreign countries lift the blockade?" said a man in the poor suburb of Saddam City, where U.N. food handouts began last month.

"We are starving and we have no money and oil to pay for our food," Oli Minister Osama Al Hiti

## Eastern Europe looks to winter with better food, energy supplies

By Peter Humphrey  
Reuter

BUCHAREST — Improved food and energy supplies offer hope of a milder winter for East Europeans this year after decades of shortages under communist rule that left many huddling like eskimos in igloos.

A growing contribution from the new private sector has helped change the outlook in much of the region as the cold season approaches, although consumers face problems paying new, higher prices.

Prague plans to diversify its energy sources in order to avoid any disruption of Soviet supplies.

Further north, Poland has shed its 1980s notoriety as a country of long queues and empty stores and shop shelves are brimming with both Polish and Western goods.

After subsidies were scrapped in 1990, food and energy prices jumped to market levels, encouraging supplies and ending decades of shortages.

But money is not so plentiful. Many Poles, especially pensioners and growing legions of the unemployed, will also get significant aid in cash and commodities.

Hungary's headache is how to sell West European-style surpluses of milk, meat, wine and other staples, which its East European trade partners can no longer afford to buy. A Western economist in Budapest said.

The Hungarian government recently subsidised a 10-day sale to clear excess pork from warehouses, unleashing a spending spree in the country's shops. Import deregulation has filled Hungarian shops with foreign goods. "Almost everything a gourmet needs to keep body and soul together is there if money is no obstacle," the economist said.

Energy prospects also look good if oil and gas continue to flow from the crisis-torn Soviet Union, which provides around 60 per cent of Hungary's needs, said Gyorgy Szabo, deputy head of the National Oil and Gas Trust.

The region as a whole suffered for several years from Soviet cuts in energy exports and confusion over methods of payment.

Czechoslovakia, like former East Germany, always enjoyed reasonably adequate food supplies and relatively high living standards. It also has a surplus of grain, meat and dairy foods following a 30 per cent fall in domestic demand this year.

But price liberalisation and private production have erased the bleakness of the Stalinist years when Romanian food shops and markets were bare in winter months.

Bulgaria has a meat and dairy surplus because price rises have halved domestic demand. But the government in Sofia said it faces a winter oil squeeze because of a backlog in Soviet oil deliveries and currency market fluctuations.

rial wealth on American television programmes, one Swiss diplomat doubted whether levelling-up living standards to quell migratory impulses could work.

Rudolf Weiersmueller, Foreign Ministry coordinator for refugee policy, said he had led a study team to look at what such a drive could mean in practical terms.

In more sceptical vein, the British delegation declared that such measures, while desirable, "are necessarily of a very long-term nature and are unlikely to have a significant impact on migratory pressures in the short term." Measures to tackle the root causes of migration are not a realistic substitute for effective immigration controls," the British statement added.

In a world where even some of the poorest people glimpse material living standards, Mr. Weiersmueller said, the country would have to build nearly 800 nuclear power stations, drain all its rivers for electricity generation, become a net oil importer and massively pollute the atmosphere with exhaust gas from 350 million cars.

"This is the tragedy that is unfolding in having the Third World with its present democratic development trying to achieve Western European standards of living," he said.

## Europe agonises over halting immigrant rush

By Stephen Nisbet  
Reuter

LUXEMBOURG — Western Europe is coming round to the view that the way to stem a threatened flood-tide of unwanted immigrants is to improve their living conditions 'back home.'

Germany said concerted European action was needed for "combating population growth in the Third World by birth control and improvement of standards of living."

Applicants for political asylum in Western Europe reached a record 400,000 last year — although many were deemed bogus — and anything up to 1.5 million illegal migrants are estimated to be living in four southern European countries alone — Spain, Italy, Greece and Portugal.</

## Show reflects Iraqis' will to go on

By Serene Halasa

**Special to the Jordan Times**  
AMMAN — Against a backdrop of slides reflecting Iraq's rich historic heritage, the splendour of Akkad, Babylon, Hatra and the golden age of Baghdad were depicted in the fashion presented by Al Dar Al Iraqiyah Lil Azia in Jordan on Wednesday.

The fashion show, attended by Her Majesty Queen Noor and Princess Alia Al Faisali, told the story of Iraq from the beginning of time 6000 years BC.

Using audio visuals with multi projectors and other devices, every age and its fashion were depicted. "Our shows reflect the cultural and historical heritage that developed in Mesopotamia," Faris Kalid, the fashion house's manager since its opening in 1977, told the Jordan Times.

"Our main aim is to inform as well as entertain the public on the riches of Iraq's heritage."

The show delighted the attendees, who stood in awe at the elegant beauty seen in every item displayed.

"I think this is the best show we have put together in the past twenty years," Ms. Kalid said. "I believe it had sense of challenge and the will to go on," she added referring to the fact that this show was the first since the end of the Gulf war six months ago.



"I think that the mere fact of our being here reflects this spirit of challenge and the will to go on after the end of the thirty-nation aggression against Iraq."

### RJ turbulence

(Continued from page 1)  
vision of Kuwaiti high-war-risk insurance costs eroded most of its profits.

"The problems of RJ is not operational costs," said a source familiar with the airline's accounts. "The very burden of its accumulated debts is straining its resources and does not permit any flexibility," he said.

A senior executive at a foreign airline office in Amman said it was accepted that "as far as operations and expenses go, RJ is a highly profitable airline."

"Having to shoulder the burden of the debts is weighing down on its options," he said.

"Unfortunately the troubles of RJ surfaced at a most inopportune time; there is a marked decline in air travel at least by five per cent as reported by European airlines and few parties are interested in investing in the airline industry these days," he pointed out.

Re-leasing three or four of its Airbus aircraft will take care of RJ's lease payments to the European banks, as it has already done with one of them, which has been leased to Air Lanka. Payment arrangements for the Air Lanka deal have been made directly between the Sri Lanka carrier and the banks which have underwritten the RJ lease with Airbus Industry.

The so-called "wet-lease" arrangements — including cockpit crew, maintenance and insurance — suit RJ very well and give it an edge in the international leasing market since its overhead expenses are lower than most other airlines.

"RJ can make a handsome profit through wet-lease agreements," noted an industry source, who conceded that union problems were a hurdle in such deals.

"Wet-leasing" will also enable RJ to use some of its extra crew as well as maintenance

facilities, he noted. "There is a considerable number of Jordanian cockpit crew whose services could be best utilised by the airline through 'wet-leasing,'" he said.

At the peak of the Gulf crisis, the Saudi authorities terminated the contracts of RJ crew and technicians under assignment to the Saudi national carrier, Saudi, and there is no immediate sign of Saudi renewing its interest in any fresh agreement with RJ.

Another leasing arrangement made between RJ and the Bolivian Airlines in July includes RJ maintenance for the aircraft but not crew to operate the plane.

The major problem that works against RJ's efforts to re-lease its aircraft is the glut in the international civil aviation business," the industry source said. "Today there are over 800 idle aircraft around the world. The international air travel business is registering a decline and this does not create much room for aircraft leasing."

The source cited as an example of challenge and the will to go on after the end of the thirty-nation aggression against Iraq."

### Anti-Bush barrage turns worse

(Continued from page 1)  
hold money. Defence Minister Moshe Arens said he hoped military aid would not be affected.

Israel is already the largest recipient of U.S. foreign aid — \$3 billion in grants annually. Mr. Bush, defending his stance, said Israel had already had over \$4 billion this year.

Opposition parliament members estimate Israel will spend about \$2 billion this year on construction in the occupied territories — the equivalent of the first year's slice of loan guarantees.

Though Israel has vowed not to spend U.S. aid on settlements, the money would free government funds for settlement activities.

He held out little hope for a quick peace settlement, adding: "Our generation will live by the sword."

Mr. Arens said Friday he hoped the argument over the loan

guarantees would not spread to U.S. aid in other areas.

"I very much hope the argument over guarantees will not spill over to other aid which the U.S. grants us in the field of defence purchases and economic aid," he told the Israeli news service Itam.

Mr. Arens also said American pressure on Israel would make the Arab states expect Israel to give up all the territories. "These expectations might turn into frustration ending not in peace but war," he added.

Mr. Zeevi, meanwhile, said the peace conference would be a forum for "humiliation and attacks on Israel."

He held out little hope for a quick peace settlement, adding: "Our generation will live by the sword."

Mr. Arens said Friday he hoped the argument over the loan

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## SPORTS NEWS IN BRIEF

### Kuwaiti succeeds father as OCA chief

NEW DELHI (R) — Sheikh Ahmad Al Fahad Al Sabah of Kuwait was unanimously elected president of the Olympic Council of Asia (OCA) after members relaxed rules governing minimum age Saturday. Sheikh Ahmad, 32, succeeds his father Sheikh Fahad Al Sabah, who was killed in last year's Iraqi invasion of Kuwait. A controversy over Sheikh Ahmad's candidature ended when council members overruled objections and waived a requirement that the council president should be more than 35 years-old. Two other candidates for the post, acting OCA chief Roy de Silva of Sri Lanka and Indonesia's Bob Hassan, earlier withdrew from the contest.

### Patrese grabs pole in Portugal GP

ESTORIL, Portugal (R) — Italian Ricardo Patrese grabbed pole position for Sunday's Portuguese Grand Prix with a sensational late flying lap in the Williams team's spare car during a thrilling final qualifying session Saturday. Patrese, surprising even himself with the pace of his last-gasp effort in the final minute of practice, outstripped the previous best time set by Austrian Gerhard Berger in a McLaren by two-tenths of a second. He clocked a record qualifying lap time of one minute 13.001 seconds at an average speed of 214.518 kph. Berger's best time was the lap he recorded in Friday's opening session when he lapped in 1:13.221. Patrese will thus share the front row of the grid with Berger — the two "number two" drivers having ironically upstaged their respective number ones, Nigel Mansell and Ayrton Senna. World championship leader Brazilian Senna, in the other McLaren, improved his time by three-tenths of a second, but finished up third on the grid, sharing the second row with Briton Mansell. The Ferraris of Frenchmen Alain Prost and Jean Alesi were fifth and sixth-quickest and share the third row ahead of Brazilian Mauricio Gugelmin in a Leyton House and Italian Pierluigi Martini in a Minardi.

### Head of Berlin Olympic bid resigns

BERLIN (R) — Berlin's bid to stage the 2000 Olympics, already upset by two noisy nights of anti-games protests this week, has suffered a further setback with the resignation of chief organiser Lutz Gruetkne. Gruetkne, the head of the company organising the German capital's bid, quit late Friday following criticism from German politicians and press of his management of the whole campaign. He had been in office for just five months. Berlin City officials said Saturday no replacement had yet been found, but Mayor Eberhard Diepgen had named city council official Dietrich Hinkefus as provisional head. Former Mayor Walter Monper had turned down an offer to take over. "We haven't got a replacement. But we will solve the problem," Mr. Diepgen said. "The supervisory board will make sure the work of the Berlin bid company will be continued."

### Gilbert top seed at Queensland Open

BRISBANE (AP) — Defending champion Brad Gilbert of the United States has become the top seed for the \$250,000 Queensland Open Tennis Championship after Yugoslav Goran Ivanisevic withdrew, organisers said Saturday. Ivanisevic, a late wild card entry, withdrew Friday night, citing a back injury suffered in practice. The tournament begins Monday at the Milton Tennis Centre and continues through Sept. 29. Gilbert, who is chasing his first singles title of 1991, faces Swede Thomas Hogstedt in his tournament opener. Andrei Chesnokov of the Soviet Union, the No. 2 seed, plays a qualifier in his first match of the 32-draw tournament. Aaron Krickstein of the United States, the third seed and the defeated last year, opens with a first-round meeting against veteran Australian Davis Cup player John Fitzgerald.

### S. Arabia wins youth soccer tournament

MUSCAT, Oman (AP) — Defending champions Saudi Arabia scored second-half goals to beat Oman 2-0 to win the 6-nation International Youth Friendship Soccer Tournament at the Sultan Qaboos Sports Complex Friday. The goals were scored by Khalid Al Sharai in the 65th minute and Fahd Al Shayan five minutes later. The Saudis were subdued in the first half, apparently trying to wear down the home team, which was cheered by fans with drums and bugles throughout the match. While the champions were packing their defence tightly, Oman came on with everything they had. But their efforts were in vain, mainly due to defenders Nasser Khamis and Saled Al Habsi. The final tally, the Saudis notched nine points from five matches with 11 goals and only one against. Oman and Kuwait each finished with five points. The other teams in this biennial tournament were Qatar and Bahrain.

### Indian advances in chess tourney

DUBAI, United Arab Emirates (AP) — India's third seed V. Sarvana made it to the fourth round of the Asian Junior Chess Championship with a victory Friday over United Arab Emirates' Mansour Abdullah. Abdullah is the Arab junior champion. Sarvana, with a FIDE rating of 2370 points, has now aggregated 2.5 points, after also beating Mohammad Suliman of Jordan and drawing with Terry Chung-Eng of Singapore. Top seed Tu Hoang Thong of Vietnam, fancied to win the title in this 13th edition of the Asian Junior Championship, was held to a hard-fought draw by Lee Wang-Sheng, the fourth seed. The two agreed on a draw after the 67th move and now both have 2.5 points each. Bangladeshi's Zia Ur Rehman was also held to a draw by Indonesia's Andi Suhendra.

### GOREN BRIDGE

WITH OMAR SHARIF & TANNAH HIRSCH  
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#### MAKE SURE OF YOUR ENTRIES

Neither vulnerable. North deals.

**NORTH**

♦ A K J 3

Q 6

8 7 2

♦ G J 6 4

**WEST**

♦ G 5 4

7 10 8

♦ Q 10 5 3

9 6

♦ R 7 3

♦ A 10 9 5 2

**SOUTH**

♦ Q 10 9 6 2

AK 6

AK J 4

8

The bidding:

North East South West

1 ♠ Pass 1 ♠ Pass

2 ♠ Pass 5 ♠ Pass

6 ♠ Pass Pass Pass

Opening lead: Jack of ♠

Most contracts do not need hirshini technique to bring them safely to port. Sound planning and execution during the early stages of play will usually suffice.

Once North missed freely to two spades, South visualized that there were some hands (ace-king of spades, ace of clubs and a red queen) which could make a grand slam almost laydown, but that rosy view was offset by the slight chance that North was missing both top spade honors. South elected to give up on the grand slam in favor of making

sure of the small. Five spades asked North to judge the quality of his trumps for slam purposes, and they could hardly be better.

West led the jack of hearts taken in dummy. If trumps were 2-2 the slam was laydown, so declarer wasted no time in drawing two rounds of trumps. East, discarding a heart, South cashed the ace and king of hearts, discarding a diamond from dummy, followed by the top diamond and then ruffed a diamond on the board.

With no quick way back to hand, declarer led a club from dummy. East alerted let that run around to West, and the declarer's trump return stranded declarer with a diamond losing. Down one.

The debut could have been avoided with a bit of care early on.

One way to keep an entry to the South hand would have been to draw only one round of trumps before starting on the red suits, but that ran a slight risk of a defensive ruff when the hand was cold because of an even trump break. Far simpler was to lead a club from dummy at the second trick. Now declarer would be free to win any return, draw two rounds of trumps and then go about ruffing diamonds as before, using a club ruff as entry to the closed hand for the second diamond ruff.

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## Economy

## Philippines to make sacrifices after rejection of U.S. treaty

MANILA (R) — The Philippines will implement austerity measures to save a crucial economic stabilisation programme after the rejection of a U.S. military bases treaty, Finance Secretary Jesus Estanislao has said.

He said adherence to the programme agreed with the International Monetary Fund (IMF) in exchange for a \$300 million package is the key to fresh loans from other agencies like the World Bank.

He said Manila will have to rely more on multilateral agencies to revive a stagnating economy because of the anticipated cut in financial assistance from bilateral sources as a result of the senate rejection of the bases treaty.

The senate recently shot down a treaty that would have allowed the United States to operate Subic naval base for another 10 years in exchange for \$2.2 billion.

"With some erosion of goodwill, we can likewise afford less slippages in our IMF programme," Mr. Estanislao said in a memorandum to President Corazon Aquino.

The IMF programme calls for increased revenues and lower spending in order to keep the

public sector deficit manageable.

"There is a much smaller room for tolerance of any slippages in our programme under the aegis of multilateral institutions, on which we will increasingly have to depend, to help offset the opportunities from bilateral sources we may now have to forego," Mr. Estanislao said.

Failure to meet IMF-set economic targets would mean the delay in the release of funds from the fund, triggering the suspension of loans from the Japanese government.

Mr. Estanislao said rejection of the treaty would result in the loss of base-related financial aid and other inflows while the dislocation of base workers would weigh heavily on the economy.

"The increases in the fiscal gaps resulting from the loss in revenues and higher expenditures has exacerbated what is already an uncertain outlook in 1992," he said.

He did not say what the new revenue shortfall projections were but said at the start of the year the level was estimated at \$3 billion pesos (\$1.2 billion).

## Time Warner to cut 605 magazine jobs

NEW YORK (R) — Time Warner Inc., the media giant that owns the biggest magazine company in the United States, has said it was cutting 605 jobs in its magazine division, more than 10 per cent of the work force.

The company announced it was also taking a \$60 million charge to pay for the move.

The cuts, including 105 editorial jobs, are the single-biggest ever for the magazine division, which was founded by Henry Luce in 1923 and quickly built a reputation of looking after its employees.

"It's changed now," said a staff member at one magazine. "It's not the paternalistic company it was in the old days."

Jordan Times		
In co-operation with		
Cairo Amman Bank		
Currency	Bid	Offer
U.S. Dollar	.667	.689
Sterling Pound	1.1855	1.1914
Deutsche Mark	.4067	.4087
Swiss Franc	.4658	.4681
French Franc	.1193	.1199
Japanese Yen*	.5103	.5129
Dutch Guilder	.3607	.3625
Swedish Krona	.1114	.1120
Italian Lira*	.0543	.0546
Belgian Franc	.01978	.01988
* Per 100		
Other Currencies	Bid	Offer
Bahraini Dinar	1.7700	1.7750
Lebanese Lira*	.0750	.0770
Saudi Riyal	.1828	.1837
Kuwaiti Dinar	—	—
Qatari Riyal	.1861	.1874
Egyptian Pound	.2000	.2100
Omani Riyal	1.7275	1.7350
UAE Dirham	.1861	.1874
Greek Drachma*	.3525	.3725
Cypriot Pound	1.4250	1.4625
Per 100		

## Canada offers large credit to Iran

NICOSIA (R) — Iran and Canada signed a letter of understanding on economic cooperation after Canada offered Iran a billion Canadian dollars (\$880 million) in credit, the Iranian news agency IRNA has said.

Canada's minister of industry, science, technology and international trade, Michael Wilson, was in Tehran few days ago to drum up business for Canadian firms in Iran's reconstruction programme following the 1980-88 Iran-Iraq war.

Mr. Wilson told Iran's central bank governor, Mohammad Hosseini Aghaei, that Canada could offer Iran a billion dollars in short and medium term credits to spur trade and economic ties, IRNA said.

Mr. Wilson's mission followed visits by a string of West European ministers to Tehran this year to build up trade and industrial links as Iran turned to the West for help to revive its troubled economy.

Iran's ties with Canada have been improving since July 1988 when Canada reopened its embassy in Tehran.

Mr. Wilson told IRNA that he had discussed with Iranian ministers the establishment of an air link between Iran and Canada, transfer of technology and educational cooperation and sending of Iranian students to Canada.

The talks with the Canadian team, including representatives of 20 Canadian firms, focused on joint ventures to manufacture cars, iron and steel industries, engineering technology, railway car manufacturing and urban transportation systems, IRNA said.

Finance Minister Mohsen Nourbakhsh, who signed the agreement with Mr. Wilson, urged Canada to increase imports of non-oil Iranian goods to improve the lopsided balance of trade.

Mr. Wilson also held talks with ministers of agriculture and heavy industry and said Canada viewed Iran as a potential base for exporting jointly manufactured products to the region.

The spokesman said the eight banks in the consortium which made Friday's offer were Credit Lyonnais, fellow French state-

owned bank Banque Nationale de Paris, Chase Manhattan of the United States, Arab Banking Corporation, Union de Banques Arabes et Francaises and three Japanese banks, Mitsubishi, Kobe, Long-Term Credit Bank and the Industrial Bank of Japan.

He declined to give further details of the offer.

Speculation in the past month on what the banks might offer Algeria had centred on a credit of at least \$1 billion, in one or more tranches, perhaps guaranteed by French government zero coupon (non-interest bearing) bonds. A similar deal fell through last year.

Sources said last month the banks could agree to provide the sort of deal they came up with for Colombia, in which refinancing allowed short-term debt to be rolled over.

The Credit Lyonnais spokesman said the banks expected a reply from Algiers next week.

## West backs Rao's reforms with \$6.7b aid to New Delhi

PARIS (R) — International donors Friday backed drastic economic reforms by new Indian Prime Minister Narasimha Rao by pledging \$6.7 billion in aid for the fiscal year ending March 31, 1992, the World Bank said.

In addition, India is likely to receive loans of about \$1.8 billion from the International Monetary Fund (IMF), it said in a statement. Some \$2.3 billion of the pledged aid will be in the form of fast-disbursing assistance.

"The participants expressed their strong support for the resolve, thoroughness and dispatch with which the new government has acted to introduce a comprehensive set of measures," the bank said after a two-day donors meeting it sponsored in Paris.

The bank said the aid followed directly from measures the government, in office for only two months, had taken to address what it called "an unprecedented balance of payments crisis."

Mr. Rao's government has valued the rupee by 23 per cent against the dollar, tightened credit policy and adopted a budget designed to reduce the overall 1991/92 fiscal deficit to 6.5 per cent of gross domestic product, compared to nine per cent the year before, the World Bank noted.

It said the moves aimed to deal with the immediate liquidity crisis, reduce the budget deficit and finally to begin a long-term restructuring of the economy.

"The oil shock resulting from the Gulf war, coming at a time when accumulating large fiscal and balance of payments deficits were already generating economic pressures, triggered an unprecedented balance of payments crisis for India," it said.

Donors, including Japan, Germany, Britain, France and the United States, wanted to send a strong signal to the business community showing how far they supported the Indian government's economic reforms, the

bank added.

"The outcome of the meeting has surpassed our expectations taking into account the strong pressure on credit worldwide," the head of the Indian delegation to the talks, Finance Secretary Srinaga Shukla, said.

The aid pledges for 1991/92 represent an increase of \$400 million, or six per cent, over the previous year, he added.

Mr. Shukla said a news conference he did not expect India's aid requirements in the 1992/93 financial year to be any lower because India would still be in a phase of economic transition.

He said he had not calculated how much of the pledged amount would be grants, soft loans or project-tied credits. An Indian statement said \$2.2 billion of the commitments were from bilateral sources and \$4.5 billion from multilateral donors.

Mr. Shukla said Japan gave the biggest commitments. The Japanese embassy in New Delhi said Japan pledged 106.59 billion yen (\$790 million) in concessional loans for the fiscal year 1991/92 (July/June).

The Japanese loans carry an interest rate of 2.7 per cent and are repayable in 30 years, including a 10-year grace period.

Mr. Shukla said Germany and Britain were the next most generous.

Conference sources said before the key meeting Friday morning that Germany could pledge between \$300 and 400 million marks (\$175 and \$225 million).

Mr. Shukla said more than half the German commitment was expected to be in quick loans, which would be available immediately. There was a strong element of private grant in the British and Swedish pledges, he said.

A British delegate said the former colonial power in India would be offering quick disbursing loans for the first time in several years.

## Highly negative trade figure keeps U.S. recovery weak

WASHINGTON (Agencies) — America's foreign trade deficit took a sharp turn for the worse in July as imports of foreign cars, clothing and televisions soared while exports showed only a slight improvement, the government has said.

The Commerce Department said the July trade gap climbed to \$5.9 billion, the biggest imbalance since January. It was 5.6 per cent higher than a revised June deficit figure of \$3.79 billion.

Bush administration officials contend that the report did not shake their belief that export growth will be a major factor helping to lift the country out of the recession.

But in the view of many private economists, the worsening trade performance added one more negative to a recovery already expected to be one of the weakest on record.

Imports, reflecting increased shipments of a variety of consumer products, jumped 6.2 per cent to \$41.17 billion while exports edged up 0.8 per cent to \$35.27 billion.

Commerce Secretary Robert Mosbacher said the increase pushed exports to their third highest level ever, a gain that he said reflected in part an administration initiative to get small and medium-sized businesses interested in selling overseas.

But private economists noted that the small July gain followed two straight months of declines and that all the improvement was concentrated in farm products and raw materials, not in manufactured goods.

"One of the most pessimistic things in this report is that manufacturing exports fell by eight per cent," said Robert Brusca, chief economist at Nikko Securities in New York. "I don't think trade is going to be of much help to the overall economy."

The boom in exports over the last two years played a major role in softening the severity of the recession, which began in July 1990. But with some of America's major overseas markets showing economic weaknesses, analysts believe that export growth will slow to a crawl in coming months.

Economists were puzzled by the big jump in imports given the fact that consumer demand has been so weak this year. Retail sales fell in August following a lackluster back-to-school selling period and analysts are not optimistic of a pickup in demand anytime soon, given persistent layoffs in recent weeks and continued high unemployment levels.

In a second economic report, the Labour Department said the number of Americans filing new claims for unemployment be-

nfits totalled 402,000 in the first week in September, a decline of 17,000 from the preceding week.

Analysts dismissed much of the improvement as merely a reflection of a holiday-shortened week in which laid off workers had one less day in which to file for benefits. The analysts noted that the latest four-week average for jobless benefits was still up from the previous four-week period.

"The evidence is just overwhelmingly clear that this recovery is stuck," said John Albertine, head of a Washington economic consulting firm. "We're not going to be able to look to the American export sector as a source of great strength to drive the economic forward."

The \$3.79 billion June trade deficit had been the smallest monthly imbalance in more than eight years and analysts said that record was likely to stand for some time given their view of the trade deficit will start growing again.

So far this year, the deficit has been running at an annual rate of \$61.6 billion, the best showing since 1983, the last year the country had a deficit below \$100 billion.

Economists have maintained all along that much of this year's improvement was temporary, reflecting the dampening effect of the recession on domestic demand, a view borne out by July's big jump in imports.

But he said the Federal Reserve (Fed), the central bank, might have to lower interest rates even more. The Fed has pushed rates down to their lowest points since the 1970s to try to revitalize the U.S. economy's biggest.

"We obviously have only been into a recovery for a short period. It is going at a modest pace," Mr. Boskin told reporters at a White House news conference.

One reason the economy has been slow to snap back was because the downturn was relatively shallow, Mr. Boskin said.

White House officials have predicted the economy would expand at a 2.5 per cent to three per cent annual rate during the last two quarters of this year, he said, adding: "That indeed appears to be what's happening."

But the White House worried about a variety of factors that could hamper growth, Mr. Boskin said.

There were "some concerns about the availability of credit, money growth, foreign demand for our exports, should foreign countries slow down even more than they have recently, and so on," he said.

Mr. Boskin said the White House appreciated the Federal Reserve's recent interest rate cuts, but there were fears that the Fed's action might not translate into faster growth in the money supply.

The United States ran a small surplus with the 12-nation European Community of \$206 million.

Meanwhile, the White House's chief economic guru said the United States was in only a modest recovery from recession.

Michael Boskin, chairman of the Council of Economic Advisors, said the United States was dogged by worries over the sluggish growth in the money supply.



Michael Boskin  
tight credit and soft export markets.

Mr. Boskin stuck to his earlier predictions that the output of goods and services, the gross national product, would expand at an annual rate of 2.5 per cent to three per cent of this year.

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The number of barrels of oil imported fell to 5.89 million per day, down from 6.23 million in June, while the average price dropped to \$16.39 in June.

The small increase in exports reflected a 10.8 per cent rise in farm products and a 4.8 per cent increase in sales of industrial supplies.

Shipments of manufactured capital goods fell by 4.5 per cent, a drop of \$700 million in July, with a variety of high-technology items from aircraft to computers all showing declines.

As usual, the largest trade deficit was with Japan, a gap of \$3.8 billion and up from \$3.2 billion. Other big deficits were recorded with China, \$1.3 billion; Taiwan, \$9

## Army continues to pound Croatia

ZAGREB (R) — The Yugoslav army rejected a Croatian offer to defuse the country's widening conflict Saturday and pounded the breakaway republic with tanks, guns and planes.

The Croatian presidential office said Federal Defence Minister Veljko Kadijevic rejected an offer from President Franjo Tudjman to lift partially a blockade of army barracks in Croatia if the army halted its massive offensive.

Heavy fighting was reported in eastern Croatia where hundreds of army tanks tightened a ring of steel round the Croatian towns of Vukovar, Osijek and Vinkovci.

Federal warplanes twice bombed the Adriatic port of Split, Croatia's main Adriatic port, breached a European Community (EC)-sponsored ceasefire brokered by former British Foreign Secretary Lord Carrington.

The Croatian presidential office said the republic's government would meet in emergency session later Saturday to consider its response to the army's thrust into its territory.

Geo. Kadijevic told British ITN television Friday the Croatian blockade had exhausted the army's patience and it had launched the offensive to relieve the blockaded barracks.

The onslaught drove the last nail into the coffin of the EC peace accord and the mounting violence prompted international appeals for a United Nations to intervene to end the conflict.

The huge offensive began Friday morning with tanks and other army vehicles moving from the Serbian border to encircle the

Kadijevic's refusal meant the army wanted to continue massive attacks to force Croatia to surrender.

"He is again repeating his previous position, namely demanding that we surrender practically and then he would withdraw. He is saying: 'You do it first and then we will consider,'" Mr. Nobilo told Reuters.

"This is just an excuse for selective retaliation against civilian targets," he said.

Taojug News Agency said Gen. Kadijevic replied to Mr. Tudjman that the Croatian blockade was a European Community (EC)-sponsored ceasefire brokered by former British Foreign Secretary Lord Carrington.

The Croatian presidential office said the republic's government would meet in emergency session later Saturday to consider its response to the army's thrust into its territory.

Bosnia's presidency ordered a mobilisation of the republic's forces and demanded that the troops, mostly reservists from Serbia and Montenegro, withdraw.

Bosnia Saturday called for the European Community to impose sanctions against Serbia, including a possible naval blockade if Yugoslavia's biggest republic were likely to take over Croatia.

"We can never accept the disappearance of Croatia, nor the use of force to redraw internal borders," Belgian Foreign Minister Mark Eyskens told state radio. "This can only happen through negotiations."

But Mr. Merimee, speaking after a closed-door meeting of all 15 council members, set no immediate date for another session.

eastern Croatian towns of Vukovar, Osijek and Vinkovci.

Croatian Radio said Croatian forces blocked tanks trying to reach the Serbian-inhabited village of Mirkovci, near Vinkovci, but Belgrade Radio said 20 tanks reached the village.

Croatia's Information Ministry said warplanes twice bombed Sibenik while guns pounded a nearby bridge to cut the coastal highway and isolate the city.

The radio station at Split, Croatia's main Adriatic port, issued a desperate appeal to the world to stop the war.

But the conflict appeared likely to spread as people in Bosnia-Herzegovina blocked army columns from passing through to Croatia.

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## Defence minister says Kremlin will control all nuclear weapons

MOSCOW (AP) — The Kremlin will control all Soviet nuclear weapons but may depend on republics for manpower and management of a smaller, reformed armed service, the defence minister has predicted.

Marshal Yevgeny Shaposhnikov laid out for reporters his vision of a revamped military that is emerging in talks with the 12 Soviet republics following the failed Aug. 18-21 coup. In a break with tradition, the air force marshal appeared at the new conference in a blue suit rather than uniform, apparently to underline his commitment to reform.

Marshal Shaposhnikov also called for deeper cuts to tactical nuclear weapons, but argued against military budget cuts because of redeployment costs and the need to maintain a technological balance with other countries.

Marshal Shaposhnikov said talks last week were fruitful with representatives from all but three republics — the Baltics — on preserving central military command over the collapsing union and its weapons.

He repeated his promise to pull hundreds of thousands of troops from the newly independent states in 1994, and added that Soviets already have removed all nuclear weapons from the region.

"The Baltics could facilitate the withdrawal by understanding the problems that we have and help us ... with housing projects

and resettlement," Marshal Shaposhnikov said. "There should be a civilised approach."

Baltic officials have demanded withdrawal of the Soviet military but have not commented on resettlement help or other measures.

Marshal Shaposhnikov sought to calm persistent fears that the huge Soviet nuclear stockpile would fall out of Kremlin control.

"Nuclear weapons must be within the purview of the centre," he said.

He played down comments last week by Kazakhstan President Nursultan Nazarbayev that the republic would keep control over nuclear weapons there.

"I talked to (Nazarbayev) after the reports came out and his intention was not quite the way it was reflected in the press."

Marshal Shaposhnikov also said Ukrainian leaders have backed off demands for removal of nuclear weapons from their republic after Soviet officials "explained how much the removal will cost them."

Though having little control over the nuclear weapons, Shaposhnikov said the republics would have voice in running the Defence Ministry. The president's defence council, many of whose members took part in the coup, should be revamped to include republic officials, he said.

As well, the ministry's advisory body called the Collegium could include the republics' defence

chiefs.

The proposals would be presented to the interim ruling state council this month and could be ready for implementation by next year, he said.

Marshal Shaposhnikov suggested that some republics, particularly the Ukraine, could let their newly formed militias work with the Soviet military at a reserve force.

"We'll continue to have a common military space and air space," he said. "But I do not rule out the possibility of creating a republic army — a National Guard — of about 2,000-3,000 men."

The Soviet military currently has an estimated 5 million men.

Marshal Shaposhnikov said it eventually could be reduced to about 3 million.

Marshal Shaposhnikov urged deeper cuts in arms talks. "The Soviet Union is prepared to continue reductions on strategic defences and should start to deal with tactical weapons ... in Europe," Marshal Shaposhnikov said.

However, Marshal Shaposhnikov said the Soviet military still had to pay for redeployment and resettlement of millions of soldiers, officers and weapons. He said the military needed every kopeck in its budget and took issue with critics who say "let us remove that monster called the military-industrial complex and everything will be alright."

## Bush: Time running out for Castro

CHICAGO (AP) — President George Bush has predicted that Cuban President Fidel Castro may soon go the way of other toppled Communist leaders.

The time coming "sooner than the people of Cuba will reclaim

their destiny and rejoic the Western hemisphere's family of free nations," Mr. Bush said in a speech prepared for delivery Friday afternoon.

That event, he said, "will demonstrate to one and all that we really have entered into a new era

## U.N. Security Council consults on election of new secretary-general

UNITED NATIONS (R) — The U.N. Security Council began consultations Friday on the procedure for electing a new U.N. secretary-general.

Council President Jean-Bernard Merimee of France told reporters the election process will start at the beginning of October.

Secretary-General Javier Perez de Cuellar, 71, ends his second five-year term of office at the end of this year. The names of well over two dozen official and unofficial candidates have emerged for the \$195,000-a-year job, but there is no clear successor.

Mr. Perez de Cuellar told a news conference Friday the United Nations was not a "monarchy" and it was "only healthy to change the secretary-general after two terms."

"I am leaving this office in three months and 10 days," he said.

After a closed-door council session, Mr. Merimee read a brief statement, saying, "the members of the council have already started their consultations on the procedure for the election of the secretary-general of the United Nations."

"It is their intention to start the

process of the election itself at the beginning of October, with a view to finalising it as quickly as possible."

Under Article 97 of the U.N. Charter, a secretary-general is appointed by the General Assembly, now 166 strong, on the recommendation of the 15-member Security Council.

This gives the five permanent council members — the United States, the Soviet Union, Britain, China and France — a major role they can use their vetoes to block candidates any of them considers unsuitable.

A persistent Chinese veto prevented Mr. Perez de Cuellar's predecessor, Kurt Waldheim of Austria, from serving a third term. Peking thought it was time the job went to a Third World diplomat and Mr. Perez de Cuellar, a Peruvian, had acceptable credentials.

Personalities whose names crop up in speculation about a successor include: Prince Sadruddin Aga Khan, who has spent much of his career in U.N. service and currently heads U.N. humanitarian operations in the Gulf; Egyptian Deputy Prime Minister Boutros Ghali; Norwe-

gian Prime Minister Gro Harlem Brundtland; former Nigerian President Olusegun Obasanjo and Indonesian Foreign Minister Ali Alatas.

Former British Prime Minister Margaret Thatcher, former Soviet Foreign Minister Edward Shevardnadze and former U.S. President Jimmy Carter have also appeared on unofficial lists. But an unwritten rule — at least during the cold war — barred any candidate from a country with a permanent Security Council seat.

One requirement insisted on by France is a good knowledge of French, one of the U.N.'s six official languages. The others are English, Arabic, Chinese, Russian and Spanish.

No African has yet served as secretary-general, a post held so far by three Europeans, an Asian and a Latin American. But, unlike many other U.N. posts, it is not governed by the principle of regional rotation.

The first U.N. Secretary-General was Trygve Lie of Norway, followed by Dag Hammarskjold of Sweden, U Thant of Burma, Waldheim, and Perez de Cuellar, who took office on Jan. 1, 1982.

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## Cambodians solve all problems blocking peace

cooperation with the EC, an embargo on oil products... perhaps blockade of ports, as we did with Iraq," Mr. Eyskens said.

"A country that is so isolated cannot survive in the long-term, but it would take time," Mr. Eyskens said.

The Yugoslav federation was dead, he said. A "greater Serbia is likely to emerge as the dominant force."

France said Saturday it would call a meeting of United Nations Security Council foreign ministers next week to discuss the Yugoslav crisis.

"Given the gravity of the situation, Foreign Minister Roland Dumas has sent a message to his colleagues of the U.N. Security Council member countries telling them he planned to call a ministerial meeting next week," the Foreign Ministry said in a statement.

"The compromise removed the last major obstacle to a comprehensive peace agreement, and the approval by the United States, Britain, France, Soviet Union and China brings the warring Cambodian parties a step closer to signing a final accord."

"We have solved all the problems which are in the framework of the permanent five," Prince Sihanouk said when he arrived at U.N. Headquarters to meet with the secretary-general.

The Paris peace conference, co-hosted by France and Indonesia, is set to meet again late next month to seek an accord to end nearly two decades of fighting in Cambodia.

The Communist Khmer Rouge guerrillas took power in 1975, only to be driven out four years later — after conducting a brutal reformation of Cambodian Society — by Vietnamese troops. Since then the Khmer Rouge and two other guerrilla factions have been fighting the Vietnamese-installed government in Phnom Penh.

The permanent five Security Council members have been working together for more than a year to try to settle the Cambodian civil war.

Later Friday, the five permanent members continued discussing details with the Cambodians on how the United Nations will assist them in disarming 70 per cent of the Cambodian army and the guerrilla forces.

Diplomats said privately that the discussions were technical and procedural, and did not pose any threat to progress towards a final accord.

On Thursday, the Cambodian government and guerrilla factions adopted a compromise.

## Armenians vote on independence

YEREVAN (R) — Armenians swarmed to the polls Saturday in a referendum that was expected to show overwhelming support for independence after 71 years of Kremlin rule.

Polling stations across the southern Soviet republic — some decked with red-blue-and-orange national flags — opened before sunrise.

"This is an historic day and a very emotional day for me," said Armenian President Levon Ter-Petrosyan, as he cast his vote.

"But it is more than that. Independence is a political act against which there is no argument."

Twelve Soviet republics have broken with Moscow or declared their independence — many to protect the local leadership from the chaos in the Kremlin after last month's failed coup.

Soviet leaders are bogged down in efforts to resolve ethnic violence that has accompanied a general upsurge in nationalism.

Armenians are at the centre of the bloodiest conflict, a territorial dispute over Nagorno-Karabakh, an enclave in neighbouring Azerbaijan populated mostly by Armenians.

Illness forced Russian President Boris Yeltsin to call off the trip to the disputed region of Nagorno-Karabakh Saturday to act as a mediator, an independent Armenian news agency said.

The Asra-Irja agency said representatives of the rival Armenia and Azerbaijan communities there would instead fly to the Azerbaijani capital Baku to meet Mr. Yeltsin and his delegation.

Mr. Yeltsin was to have flown to Stepanakert in Nagorno-Karabakh, an Armenian-majority territory in Azerbaijan, from Baku Saturday.

"Our correspondent was told by official sources that the Armenian-Azerbaijani delegation would fly to Baku to meet Mr. Yeltsin and his delegation because of Yeltsin's health," an agency spokesman told Reuters.

In Stepanakert, a military spokesman confirmed the delegation was due to fly on later Saturday and that Mr. Yeltsin's aides had informed local officials about his illness.

There was no further information on Mr. Yeltsin's health. On Wednesday he left his office early after suffering what aides said was a minor heart problem, and



Boris Yeltsin

subsequently did not appear during two days of the Russian parliament.

Kazakh President Nursultan Nazarbayev, who is accompanying Mr. Yeltsin, told the Soviet News Agency (TASS) in Baku:

"It would be naive to expect quick results from this trip. The process of reconciliation is long and complex and we have to recognise this reality."

Mr. Yeltsin, joined by Soviet Interior Minister Viktor Barannikov, were due in Yerevan for talks later Saturday, part of a whirlwind diplomatic effort that includes a new proposal from President Mikhail Gorbachev.

Bachev will call for restoration of regional authority, local elections, disarming of armed groups and negotiations under Moscow's sponsorship between warring militants.

Since 1988, more than 800 people have died in clashes in Nagorno-Karabakh.

In Yerevan, however, all eyes were on the promise of Armenian statehood.

"This is the first time in my life, and I am nearly 70, that I have ever voted with pleasure," said accountant Gework Gevorgyan, as he cast his vote for independence.

"We are throwing off the Kremlin chain. The Communist Party, the politburo, the KGB — we don't want them."